



Conrad Government Services Division



**Mayer
Hoffman
McCann P.C.**
An Independent CPA Firm

CITY OF BURBANK
Burbank, California

Single Audit Report on Expenditures of Federal Awards

Year ended June 30, 2007

CITY OF BURBANK

Single Audit Report on Expenditures of Federal Awards

Year ended June 30, 2007

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Report on Compliance and Other Matters and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		1
Report on Compliance with Requirements Applicable to each Major Program, Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133		3
Schedule of Expenditures of Federal Awards		5
Notes to the Schedule of Expenditures of Federal Awards		7
Section 8 Financial Data Schedule	A-1	8
Schedule of Findings and Questioned Costs		11
Summary Schedule of Prior Audit Findings		12



Mayer Hoffman McCann P.C.
An Independent CPA Firm
Conrad Government Services Division
2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Honorable Mayor and City Council
City of Burbank, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Burbank, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 15, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Burbank's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matter that is required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Burbank's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Burbank's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Burbank's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

Honorable Mayor and City Council
City of Burbank, California
Page Two

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We noted certain other matters that we have reported to the management of the City of Burbank in a separate letter dated November 15, 2007.

This report is intended solely for the information and use of the City Council and management of the City of Burbank, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McLean P.C.

Irvine, California
November 15, 2007



Mayer Hoffman McCann P.C.
An Independent CPA Firm
Conrad Government Services Division
2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Honorable Mayor and City Council
City of Burbank, California

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM, INTERNAL CONTROL OVER COMPLIANCE AND
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of the City of Burbank, California, with the types of compliance requirements described in the U.S. Office of Management and Budget (*OMB Circular A-133 Compliance Supplement*) that are applicable to its major federal program for the year ended June 30, 2007. The City of Burbank's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the City of Burbank's management. Our responsibility is to express an opinion on the City of Burbank's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Burbank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Burbank's compliance with those requirements.

In our opinion, the City of Burbank complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Burbank is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Burbank's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Burbank's internal control over compliance.

Honorable Mayor and City Council
City of Burbank, California
Page Two

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Burbank, as of and for the year ended June 30, 2007, and have issued our report thereon dated November 15, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City of Burbank's basic financial statements. The accompanying schedule of expenditures of federal awards and financial data schedules are presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the City Council, City's management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
November 15, 2007

CITY OF BURBANK

Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

<u>Funding Agency/Program Name</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Grant Number</u>	<u>Pass-through Grantor's Number</u>	<u>Program Expenditures</u>
Department of Health and Human Services:				
Passed through the Los Angeles County Area Agency on Aging:				
Title III, Part B - Grants for Supportive Services and Senior Center	93.044	-	CK 40280	\$ 909
Title III, Part C1 - Congregate Nutrition	93.045	-	CK 40280	147,411
Title III, Part C2 - Home Delivered Meals	93.045	-	CK 40280	149,249
Total Department of Health and Human Services				<u>297,569</u>
Department of Agriculture:				
Passed through the Los Angeles County Area Agency on Aging:				
Nutrition Services Incentive	10.570	-	CK 40280	53,727
Passed through the Burbank Unified School District :				
Summer Food Service Program	10.559	-	N/A	<u>19,658</u>
Total Department of Agriculture				<u>73,385</u>
Department of Housing and Urban Development:				
Direct Assistance:				
Section 8 Housing Choice Vouchers	14.871	CA105VO	-	8,298,685 *
Community Development Block Grant	14.218	B-03-BC-06-0513	-	2,084,880
HOME Investment Partnerships Program	14.239	M-03-MC-06-0504	-	<u>929,991 *</u>
Total Department of Housing and Urban Development				<u>11,313,556</u>
Corporation for National and Community Service:				
Direct Assistance:				
Retired Seniors Volunteers Program	94.002	440P034/19	-	<u>53,080</u>

* Major Program

N/A - Not Available

(Continued)

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF BURBANK

Schedule of Expenditures of Federal Awards

(Continued)

<u>Funding Agency/Program Name</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Grant Number</u>	<u>Pass-through Grantor's Number</u>	<u>Program Expenditures</u>
Department of Justice:				
Passed through the Bureau of Justice Assistance :				
Local Law Enforcement Block Grant Program	16.592	-	2002-LB-BX-2646	25,507
Local Law Enforcement Block Grant Program	16.592	-	2004-LB-BX-0624	5,243
Federal bulletproof vest	16.592	-	N/A	2,028
Local Law Enforcement Block Grant Program	16.592	-	2005-LB-BX-1199	14,331
Local Law Enforcement Block Grant Program	16.592	-	2006-LB-BX-0216	7,465
OTS grants	16.592	-	N/A	<u>122,737</u>
Total Department of Justice				<u>177,311</u>
Department of Transportation:				
Direct Assistance:				
Media District ITS	20.505	RPSTPL-5200(014)	-	<u>4,714</u>
Department of Homeland Security:				
Passed through the State of California Office of Emergency Services:				
Homeland Security Grant (SHSGP) FY04	97.004	-	2004-45	100,150
Homeland Security Grant (SHSGP) FY05	97.067	-	2005-15	152,494
Urban Area Security Initiative (UASI) FY04	97.004	-	2004-C-107564	76,849
Urban Area Security Initiative (UASI) FY05	97.067	-	2005-C-109727	<u>480,257</u>
Total Department of Homeland Security				<u>809,750</u>
Department of Labor:				
Passed through the State of California:				
Local Workforce Investment Area	17.258	-	Ref. 101 Fed Catalog 417260	<u>78,782</u>
Total Federal Awards				<u>\$ 12,808,147</u>

* Major Program

N/A - Not Available

See accompanying notes to the schedule of expenditures of federal awards.

CITY OF BURBANK

Notes to the Schedule of Expenditures of Federal Awards

Year ended June 30, 2007

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

(a) Scope of Presentation

The accompanying schedule presents only the expenditures incurred by the City of Burbank (City) that are reimbursable under federal programs of federal financial assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the City from non-federal organizations. Only the portions of program expenditures reimbursable with such federal funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of program expenditures that were funded with state, local or other non-federal funds are excluded from the accompanying schedule.

(b) Basis of Accounting

The expenditures included in the accompanying schedule were reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are incurred when the City becomes obligated for payment as a result of the receipt of the related goods and services. Expenditures reported include any property or equipment acquisitions incurred under the federal program.

(c) Subrecipients

During the fiscal year ended June 30, 2007, the City of Burbank incurred \$319,449 of Community Development Block Grant (CFDA No. 14.218) expenditures that were paid to 15 subrecipients.

(d) Loans Receivable

At June 30, 2007, outstanding loans receivable from CDBG funds totaled \$2,290,300. Outstanding loans receivable from HOME funds totaled \$5,046,712.

CITY OF BURBANK

Financial Data Schedule

June 30, 2007

Line Item #	Account Description	Section 8 Rental Voucher Program
	<u>Assets</u>	
	Current assets:	
111	Cash - unrestricted	\$ 3,206,008
100	Total cash	<u>3,206,008</u>
125	Accounts receivable - miscellaneous	<u>46,936</u>
120	Total receivables, net of allowances for doubtful accounts	<u>46,936</u>
150	Total current assets	<u>3,252,944</u>
190	Total assets	<u><u>\$ 3,252,944</u></u>
	<u>Liabilities and Fund Balance</u>	
	Current liabilities:	
312	Accounts payable, less than 90 days	\$ 6,388
333	Accounts payable - other government	<u>313,874</u>
310	Total current liabilities	<u>320,262</u>
300	Total liabilities	<u>320,262</u>
	Fund balance:	
508	Contributed capital	-
511	Reserved fund balance	7,270
512	Undesignated fund balance	<u>2,925,412</u>
513	Total fund balance	<u>2,932,682</u>
600	Total liabilities and fund balance	<u><u>\$ 3,252,944</u></u>

CITY OF BURBANK

Financial Data Schedule

Year ended June 30, 2007

<u>Line Item #</u>	<u>Account Description</u>	<u>Section 8 Rental Voucher Program</u>
	Revenues:	
704	Tenant revenue - other	\$ 59,878
706	HUD PHA grants	8,298,685
711	Investment income - unrestricted	<u>172,528</u>
700	Total revenues	<u>8,531,091</u>
	Operating Expenditures:	
911	Administrative salaries	1,041,960
924	Other administrative expenses	87,216
962	Other general charges	<u>105,230</u>
969	Total operating expenditures	<u>1,234,406</u>
970	Excess operating revenues over operating expenditures	<u>7,296,685</u>
	Expenditures:	
973	Housing assistance payments	<u>6,520,594</u>
900	Total expenditures	<u>7,755,000</u>
1000	Excess (deficiency) of operating revenues over (under) expenditures	<u>\$ 776,091</u>

CITY OF BURBANK

Financial Data Schedule

June 30, 2007

<u>Line Item #</u>	<u>Account Description</u>	<u>Section 8 Rental Voucher Program</u>
1103	Beginning equity	\$ 2,156,335
1104	Prior period adjustments, equity transfers and correction of errors	256
1120	Unit months available	1,014
1121	Number of unit months leased	-

CITY OF BURBANK

Schedule of Findings and Questioned Costs

Year ended June 30, 2007

(A) Summary of Auditors' Results

1. An unqualified report was issued by the auditors on the financial statements of the auditee.
2. There were no material weakness in internal control over financial reporting, nor were there any significant deficiencies in internal control as a result of the audit of the financial statements.
3. The audit disclosed no noncompliance which is material to the financial statements of the auditee.
4. There were no material weaknesses or other significant deficiencies in internal control over major programs of the auditee.
5. An unqualified report was issued by the auditors on compliance for major programs.
6. The audit disclosed no audit findings required by the auditors to be reported under paragraph .510(a) of OMB Circular A-133.
7. The major programs of the auditee were:
 - CFDA 14.871 U.S. Department of Housing and Urban Development – Section 8 Housing Choice Vouchers
 - CFDA 14.239 U.S. Department of Housing and Urban Development – HOME Investment Partnerships Program
8. The dollar threshold used to distinguish Type A and Type B programs was \$367,934.
9. The auditee was considered to be a low risk auditee for the year ended June 30, 2007 for purposes of major program determination, as defined by OMB Circular A-133 paragraph .530.

(B) Findings Related to the Financial Statements which are Required to be Reported in Accordance with GAGAS

There are no auditors' findings required to be reported in accordance with GAGAS.

(C) Findings and Questioned Costs for Federal Awards as Defined in Paragraph .510(a) at OMB Circular A-133

There are no auditors' findings to be reported in accordance with paragraph .510(a) at OMB Circular A-133.

CITY OF BURBANK

Summary Schedule of Prior Audit Findings

Year ended June 30, 2007

There were no audit findings reported for the year ended June 30, 2006 that required follow-up during the year ended June 30, 2007.